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Cotton and Products Update 2013

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Cotton and Products

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Report Highlights:

Cotton is a major agricultural crop in Greece, accounting for more than 8 percent of total agricultural output. Greece's MY 2012/13 cotton production is estimated at 260,000 MT, 10.3 percent down from the previous year due to lower than expected yields because of bad weather and less fertilizer used. Greece is a major cotton exporter. Turkey was the main destination for Greek cotton during MY 2011/12 representing approximately 35 percent of total exports.

GREECE

Table 1: Cotton Lint Production (Hectares, Metric Tons)

	2011/12	2012/13	2013/14
Area Harvested	285,000	285,000	220,000
Beginning Stocks	0	5,000	1,000
Production	290,000	260,000	220,000
Imports	2,000	1,000	3,000
Total Supply	292,000	266,000	224,000
Exports	261,000	244,000	171,000
Use	20,000	15,000	46,000
Loss	6,000	6,000	6,000
TOTAL Dom Cons	26,000	21,000	52,000
Ending Stocks	5,000	1,000	1,000
Total Distribution	292,000	266,000	224,000

Source: FAS estimates based on industry contacts

Production

Cotton is a major agricultural crop in Greece, accounting for more than 8 percent of total agricultural output. More than 75,000 farmers grow cotton, producing about 80 percent of the EU-27 crop. Thessaly, Macedonia, and Mainland Greece are the major cotton-producing areas. Cotton is planted from March 1 to April 15 and the harvest occurs from October 1 to November 30. Most cotton is irrigated and machine harvested.

Greece's cotton area, yields, and production have declined significantly following Common Agricultural Policy (CAP) reforms which went into effect in 2006 that decoupled payments and reduced support for a number of crops, including cotton. Greece's MY 2011/12 cotton production has been good, up almost 42 percent from last season due to increased acreage and more effective pest control. Initial delays during the planting period due to constant rainfalls and low temperatures have been offset by warm and sunny days in August and September. Greece's MY 2012/13 cotton production is estimated at 260,000 MT, 10.3 percent down from the previous year due to lower than expected yields because of bad weather and less fertilizer used. MY 2013/14 cotton area and production are forecast to decline by approximately 22.8 and 15.3 percent respectively, in favor of durum wheat and corn, especially in Thessaly.

There are roughly 30 ginning companies in Greece with a total of about 65 ginning units. About 80 percent of the companies are private and the remainder are cooperatives. The top 5 companies handle about 70 percent of ginning capacity. Greece's financial crisis has negatively affected the cotton market, creating risks and uncertainty. Without bank assistance, many ginners and cooperatives cannot store their stocks until prices improve. There is also a lot of debate about the survival of cooperatives

that used to receive a large percentage of agricultural loans. Moreover, considering last season's defaults and delivery issues, international cotton merchants have decided to narrow their focus and buy only from the top ginner/exporters based on last season's performance. Ginners generally do not contract with growers, but compete with each other to purchase the crop. Greek seed cotton prices increased from €0.42-0.43/Kg at the beginning of the season to nearly €0.48/Kg for limited quantities in mid-November.

Consumption

Domestic spinners consume approximately 10 percent of lint production and the remainder is exported. About 58 percent of cottonseed production is exported (mainly to Italy), and the remainder is crushed for oil and oilseed cake, or retained for seed.

Trade

Greece is a major cotton exporter. Turkey was the main destination for Greek cotton during MY 2011/12 representing approximately 35 percent of total exports. Greek ginners are expanding their distribution channels rather than selling only to traditional buyers. Thus, during MY 2011/12 Greece exported huge quantities of cotton to China (63,482 MT) and increased amounts to Indonesia (35,553 MT) and Pakistan (6,636 MT). MY 2011/2012 saw reduced exports to Egypt after the import ban imposed by the Egyptian authorities on 25 October 2011 through Ministerial Decree No. 1864/2011. Small amounts of cotton are imported for blending in the domestic spinning industry.

Table 2: Cotton Lint Exports (MT)

	Aug-Jul 10/11	Aug-Jul 11/12
EU-27	20,335	21,117
Italy	5,659	10,229
Germany	8,122	4,377
France	1,927	2,712
Bulgaria	1,887	1,863
Extra EU-27	137,048	226,348
Turkey	86,877	87,268
China	589	63,482
Indonesia	9,274	35,553
Egypt	27,789	9,826
Pakistan	2,039	6,636
World	157,383	247,465

Source: GTA

Table 3: Cotton Lint Imports (MT)

	Aug-Jul 10/11	Aug-Jul 11/12
EU-27	1,355	935
Bulgaria	404	486
Belgium	428	219
Germany	377	174
Extra EU-27	5,153	4,373
Turkey	2,994	3,192
Brazil	0	390
Pakistan	1,027	261
Argentina	0	199
India	219	159
World	6,508	5,308

Source: GTA

Abbreviations and Definitions Used in this Report

The PSD tables are prepared based on an August 1 to July 31 marketing year.
HS codes considered for Lint Cotton trade data: 5201, 5202, 5203.

EU European Union

Ha hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg